

PRESS RELEASE

Board of Directors approves results as of September 30 2013

**CIR GROUP: NET INCOME FOR FIRST NINE MONTHS AT € 10.7 MLN
(LOSS OF € 10 MLN IN 2012)**

***Revenues at € 3.5 billion (-2.1%), EBITDA before non-recurring items at € 262.6 million (+3.8%).
Net financial position of the parent company is a positive € 540 million***

***For Sogefi and KOS results are slightly better. Espresso reports a decline in earnings
but still with a positive result despite the severe crisis in publishing,
while Sorgenia's results remain critical and incorporate important write-downs***

Non-recurring items: Lodo Mondadori

Financial highlights 9M 2013

(in millions of €)	9M 2013	9M 2012	Δ%
Revenues	3,550.6	3,625.8	(2.1%)
EBITDA before non-recurring items	262.6	253	3.8%
EBITDA after non-recurring items	(47.1)	253	
Net result	10.7	(10)	
Net financial debt	1,830.8	2,504.4 (31/12/12)	
Net financial position parent company	542.1	33.2 (31/12/12)	

Milan, October 28 2013 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite SpA**, which met today under the chairmanship of **Rodolfo De Benedetti**, has approved **the results of the group at September 30 2013**.

The CIR group operates in five sectors: energy (Sorgenia), media (Espresso), automotive components (Sogefi), healthcare (KOS) and non-core investments (private equity, minority shareholdings, other investments).

Performance of operations

In the first nine months of the year the CIR group reported significant results of a non-recurring nature. Firstly, on September 17 2013 the Court of Cassation issued its ruling on the “Lodo Mondadori” proceedings, sentencing the counterparty Fininvest definitively to **pay CIR compensation of € 491.3 million, which was recognized in the income statement for an amount of € 319.3 million, net of legal costs and taxes**. Secondly, as was already the case in the first half, the subsidiary Sorgenia made a readjustment to the value of its assets to bring them into line with the changed energy market scenario and with the new business plan currently being prepared. Consequently, the result for the first nine months includes **write-downs for an amount of € 287.2 million net of minority interests**.

The **CIR group** closed the period with a **positive net result of € 10.7 million** compared to a loss of € 10 million in the same period of 2012. The revenues of the group came in at over € 3.5 billion but were down slightly (-2.1%) while EBITDA before non-recurring items was slightly higher than in 2012. The net financial position of the parent company at September 30 2013, following the definitive ruling on the Lodo Mondadori, was a positive € 540 million. Regarding the performance of the main subsidiaries, Sogefi and KOS obtained slightly better results;

Espresso reported a decline in earnings, but still achieved a positive result despite the severe crisis in the publishing sector while the results of Sorgenia remain critical and incorporate important write-downs.

Consolidated results

The **revenues** of the CIR group at September 30 2013 totalled **€ 3,550.6 million and were slightly lower (-2.1%)** than the figure of € 3,625.8 million reported in the same period of 2012.

EBITDA before non-recurring items came in at **€ 262.6 million** versus € 253 million in the first nine months of 2012 **(+3.8%)**. This improvement was due mainly to the higher EBITDA before write-downs of Sorgenia. **EBITDA after non-recurring items** came to **-€ 47.1 million**. The margin was very negatively impacted by the write-downs of the Sorgenia group for a total amount of € 274.8 million.

The **financial management result** was a negative € 87.3 million, compared to a charge of € 70.2 million in the first nine months of 2012. More specifically, net financial expense came to € 80.6 million (€ 91.3 million in 2012), negative adjustments to the value of financial assets to € 13.8 million (positive adjustments of € 12.5 million in 2012) and net gains from trading and valuing securities to € 7.1 million (€ 8.6 million in 2012).

The **net result of the CIR group** was a positive figure of **€ 10.7 million** versus a loss of € 10 million in the first nine months of 2012. This result includes, on the one hand, the negative effect of the extraordinary items in Sorgenia for -€ 287.2 million and, on the other hand, the positive effect totalling € 319.3 million from the final ruling on the Lodo Mondadori. Excluding these effects, the consolidated net result would have been a negative € 16.2 million, which is substantially in line with the result of the first nine months of 2012.

Consolidated **net financial debt** stood at **€ 1,830.8 million** at September 30 2013 (down from € 2,504.4 million at December 31 2012) and consisted of a positive net financial position for the parent company of € 542.1 million and a net debt of the operating subsidiaries of € 2,372.9 million. The improvement in the financial position was due partly to the settlement of the compensation for the Lodo Mondadori, but also to the reduction of the consolidated net debt of the operating subsidiaries by approximately € 165 million. In relation to the Lodo Mondadori, it should be noted that the company will have to pay out a currently estimated amount of approximately € 180 million in tax and legal costs over the next twelve months and after taking this into account the consolidated net debt should be around € 2 billion.

The company does not at present envisage significant investments of its liquidity in the short term. Any future application of the available financial resources will be evaluated in the interest of the development of the group and of all the shareholders of CIR.

The **equity** of the group **amounted to € 1,387.6 million** at September 30 2013 versus € 1,363.3 million at December 31 2012.

At September 30 2013 the CIR group had **14,199 employees** (13,940 at December 31 2012).

Industrial Businesses

Energy: Sorgenia

Sorgenia is one of the main private operators in the electricity and natural gas sector in Italy with around 500 thousand clients and generating facilities of approximately 5 thousand Megawatts. The company is controlled by CIR (52.9%) and the main Austrian utility VERBUND also has an interest.

The **revenues** of the Sorgenia group in the first nine months of the year totalled **€ 1,734.2 million**, and were **down slightly (-1.4%)** on the figure for 2012 (€ 1,758.2 million). **EBITDA before write-downs** came to **€ 116.2 million** compared to € 49.6 million in the first nine months of 2012. The increase was due essentially to the partial recovery of profitability in the electricity sector, but just in the first half.

EBITDA after write-downs, including the adjustments to the value of investments consolidated at equity (particularly Energia Italiana/Tirreno Power) and provisions for receivables, came to **-€ 196.9 million**.

The **net loss** for the first nine months of the year of **€ 434.3 million** (a loss of € 77.1 million in the first nine months of 2012) was due mainly to the write-down of assets for an overall amount of € 396.6 million.

More specifically, Sorgenia wrote down its international businesses in the E&P sector, the goodwill of its renewable businesses, as well as the write-down of Energia Italiana/Tirreno Power, together with other investments consolidated at equity and certain receivables. The actions undertaken by Sorgenia in recent quarters to counter the recession affecting Italy and the difficulties in the Italian energy market are continuing. **Specifically, the company is engaged in meeting three priority objectives: refocusing on its core business of generating and selling energy, reducing its debt and recovering profit margins.**

Media: Espresso

Gruppo Editoriale L'Espresso is one of the most important publishing companies in Italy. It operates in all sectors of communication: the daily and periodical press, radio, internet, television and the collection of advertising. The group is 55.9% controlled by CIR and is listed on the Stock Exchange.

The **revenues** of the **Espresso** group totalled **€ 524.4 million** in the first nine months of 2013, posting a **decline of 11.7%** on the same period of the year 2012 (€ 594 million) as a consequence of the crisis that is affecting the whole sector. Circulation revenues, which came to € 215.3 million, showed a decline of 6.9% compared to the same period of last year (€ 231.2 million) in a market which continues to report a significant fall in the circulation of daily newspapers. The performance of the group titles was however positive compared to the market. Advertising revenues, which came to € 288.6 million, posted a decline of 15.7% on 2012, in a market which fell by 15.8%. Sundry revenues, which were € 20.6 million, remained substantially unchanged compared to the first nine months of 2012 (€ 20.5 million). Total costs went down by 7.8%; excluding the digital publishing activities and digital terrestrial television, the costs of which are increasing in order to support development, there was an overall decline of 12.2% thanks to the cost-cutting actions still in progress, especially in the industrial and administrative areas.

EBITDA came in at **€ 47.5 million**, versus € 82.8 million in the first nine months of 2012. The **net result** was **income of € 4.5 million** down from € 26.4 million in the same period of 2012.

Automotive components: Sogefi

Sogefi is one of the main world producers in the sectors of filtration, engine air systems and suspension components with 43 production plants in 21 countries. The company is controlled by CIR (58.3%) and is listed on the Stock Exchange

The **revenues** of **Sogefi** in the first nine months of 2013 came to **€ 1,010.6 million** and were **up slightly** from € 1,005 million in the same period of 2012 (**+0.6%; +4.5% with the same exchange rates**). In the first nine months the **Engine Systems Business Unit** reported revenues of € 619.7 million (+2.8% compared to the same period of 2012) and the **Suspension Components Business Unit** reported revenues of € 392.5 million (-2.8%). **The company is continuing in its strategy of focusing on non-European countries, which reached 35.8% of the total revenues of the group, and were up by 2.9 percentage points compared to the first nine months of 2012.** **EBITDA** was **€ 108.4 million**, up by **9.8%** on the same period of 2012 (€ 98.7 million). **Net income** came in at **€ 23.8 million and was up by 9.4%** on the same period of 2012 (€ 21.7 million).

Healthcare: KOS

KOS is one of the most important Italian groups in the care-home sector (managing nursing homes and rehabilitation centres, and hospital facilities). Controlled by CIR (with 51.3%), KOS also has the Ardian group (formerly known as AXA Private Equity) as a shareholder.

The **revenues** of **KOS** came in at **€ 276.8 million** in the first nine months of 2013, and were **up by 4.3%** on the figure for the same period of 2012 (€ 265.3 million), thanks to the development of the three business sectors, especially care homes and high-tech services (in hospitals). **EBITDA** came to **€ 41.3 million**, posting a rise on the figure for the first nine months of 2012 (€ 37.9 million) mainly following the change in the perimeter and the development activities undertaken last year. **Net income** came in at **€ 9.6 million** compared to € 8 million in the same period of 2012. Net financial debt stood at € 155.1 million at September 30 2013 versus € 173.6 million at June 30 2013. The KOS group today manages **68 facilities**, mainly in the centre and north of Italy, for a total of around 5,971 beds in operation plus another 900 or so under construction.

In the sphere of high-tech services, business is continuing in India with the joint venture **ClearMedi Healthcare LTD** and in the United Kingdom with the subsidiary **Medipass Healthcare LTD**.

Non-core investments

The non-core investments of the group consist of private equity initiatives and minority shareholdings and other investments with a total value at September 30 2013 of € 187.7 million (€ 198.3 million at December 31 2012). In particular, the CIR group holds a diversified portfolio of funds in the private equity sector (fair value at September 30 2013 of € 67 million). Among the other investments, it should be noted that there is a 20% interest in the company Swiss Education Group, a world leader in managerial training in the hospitality sector, which reported growing revenues and margins in the first nine months of the year. Lastly, the CIR group has a portfolio of non-performing loans: the net value of the investment in this business at September 30 2013 was € 78.3 million.

Outlook for the year 2013

The performance of the CIR group in the last part of 2013 will be affected by the evolution of the macroeconomic environment, especially the performance of the Italian economy, which is characterized by a continuing recession. In this scenario all the main operating subsidiaries of the group will be continuing their actions to improve operating efficiency without however sacrificing business development initiatives.

Bonds maturing in the 24 months following September 30 2013

The company, which has a BB rating with a stable outlook issued by Standard&Poor's, has no bonds maturing in the 24 months following September 30 2013.

The executive responsible for the preparation of the company's financial statements, Giuseppe Gianoglio, hereby declares, in compliance with the terms of paragraph 2 Article 154 bis of the Finance Consolidation Act (TUF), that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

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This press release can also be consulted on the website:

<http://www.cirgroup.it/sala-stampa/comunicati-stampa.html>

Alternative performance indicators

Below the meaning and content are given of the "alternative performance indicators", not envisaged by IFRS accounting standards but used in this press release to provide a better evaluation of the economic and financial performance of the CIR group.

- **EBITDA (gross operating margin):** an indicator of operating performance calculated by adding "amortization, depreciation and write-downs" to the EBIT figure (earnings before financial items and taxes);
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, available-for-sale financial assets and cash and cash equivalents in current assets, of bonds and notes and other borrowings in non-current liabilities, and of bank overdrafts, bonds and notes and other borrowings in current liabilities;
- **Aggregate net financial surplus:** an indicator of the financial structure of CIR and its financial subsidiaries; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).

*Attached are key figures from the consolidated statement of financial position and income statement.
It should be noted that these results have not been audited by the firm of independent auditors.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	30.09.2013	30.06.2013	31.12.2012 (*)
NON-CURRENT ASSETS	4,212,212	4,467,023	4,863,889
INTANGIBLE ASSETS	1,255,855	1,344,901	1,501,522
TANGIBLE ASSETS	2,279,381	2,319,999	2,367,626
INVESTMENT PROPERTY	21,760	21,965	22,541
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	98,970	218,713	353,070
OTHER EQUITY INVESTMENTS	5,832	5,882	5,580
OTHER RECEIVABLES	235,408	237,026	238,815
SECURITIES	89,213	99,657	111,244
DEFERRED TAXES	225,793	218,880	263,491
CURRENT ASSETS	2,972,235	3,144,496	3,185,006
INVENTORIES	170,651	170,751	170,757
CONTRACTED WORK IN PROGRESS	32,393	34,931	42,258
TRADE RECEIVABLES	1,162,794	1,181,036	1,447,833
OTHER RECEIVABLES	328,896	409,986	306,700
FINANCIAL RECEIVABLES	35,745	35,801	35,489
SECURITIES	360,440	354,923	410,343
AVAILABLE-FOR-SALE FINANCIAL ASSETS	103,782	105,977	105,473
CASH AND CASH EQUIVALENTS	777,534	851,091	666,153
ASSETS HELD FOR DISPOSAL	--	--	34,444
TOTAL ASSETS	7,184,447	7,611,519	8,083,339
LIABILITIES AND EQUITY	30.09.2013	30.06.2013	31.12.2012
EQUITY	2,031,179	1,997,206	2,315,220
ISSUED CAPITAL	397,146	396,670	396,670
less OWN SHARES	(24,921)	(24,958)	(24,995)
SHARE CAPITAL	372,225	371,712	371,675
RESERVES	278,879	279,726	267,608
RETAINED EARNINGS (LOSSES)	725,750	725,338	754,430
NET INCOME (LOSS) FOR THE PERIOD	10,724	(164,942)	(30,371)
EQUITY OF THE GROUP	1,387,578	1,211,834	1,363,342
MINORITY SHAREHOLDERS' EQUITY	643,601	785,372	951,878
NON-CURRENT LIABILITIES	3,125,444	3,177,778	3,242,747
BONDS AND NOTES	611,559	616,636	496,379
OTHER BORROWINGS	2,089,881	2,138,020	2,303,836
OTHER PAYABLES	1,038	3,196	2,888
DEFERRED TAXES	182,627	179,526	179,507
PERSONNEL PROVISIONS	137,525	137,259	140,778
PROVISIONS FOR RISKS AND LOSSES	102,814	103,141	119,359
CURRENT LIABILITIES	2,027,824	2,436,535	2,524,988
BANK OVERDRAFTS	223,534	215,365	165,850
BONDS AND NOTES	12,400	9,691	4,354
OTHER BORROWINGS	170,909	738,189	751,496
TRADE PAYABLES	977,330	941,342	1,192,436
OTHER PAYABLES	536,272	412,486	306,135
PROVISIONS FOR RISKS AND LOSSES	107,379	119,462	104,717
LIABILITIES HELD FOR DISPOSAL	--	--	384
TOTAL LIABILITIES AND EQUITY	7,184,447	7,611,519	8,083,339

(*) Some values at December 31 2012 were restated following application of the amendment to IAS 19 – Employee benefits

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2013	1/1-30/9 2012	III Quarter 2013	III Quarter 2012
TRADE REVENUES	3,550,630	3,625,795	1,141,069	1,218,849
CHANGE IN INVENTORIES	(4,318)	10,922	(2,003)	(1,971)
COSTS FOR THE PURCHASE OF GOODS	(2,071,026)	(2,153,976)	(691,109)	(760,481)
COSTS FOR SERVICES	(625,627)	(614,999)	(231,476)	(188,014)
PERSONNEL COSTS	(544,384)	(550,808)	(167,095)	(168,985)
OTHER OPERATING INCOME	87,901	77,516	23,698	19,211
OTHER OPERATING COSTS	(182,025)	(135,838)	(92,484)	(39,717)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(258,245)	(5,589)	(122,443)	(1,692)
AMORTIZATION, DEPRECIATION & WRITE-DOWNS	(440,476)	(176,798)	(158,577)	(56,571)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	(487,570)	76,225	(300,420)	20,629
FINANCIAL INCOME	65,127	53,711	38,348	14,836
FINANCIAL EXPENSE	(145,686)	(145,025)	(48,193)	(45,353)
DIVIDENDS	325	396	--	7
GAINS FROM TRADING SECURITIES	9,879	10,832	2,901	4,383
LOSSES FROM TRADING SECURITIES	(3,237)	(2,698)	(1,733)	(1,450)
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	(13,783)	12,531	(4,466)	2,645
NON-RECURRING INCOME (EXPENSE)	491,312	--	491,312	--
INCOME BEFORE TAXES	(83,633)	5,972	177,749	(4,303)
INCOME TAXES	(209,999)	(20,655)	(145,271)	(4,195)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	(293,632)	(14,683)	32,478	(8,498)
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	(5,906)	--	(5,906)
INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	(293,632)	(20,589)	32,478	(14,404)
- (NET INCOME) LOSS MINORITY INTERESTS	304,356	10,616	143,188	3,728
- NET INCOME (LOSS) OF THE GROUP	10,724	(9,973)	175,666	(10,676)

CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

	30.09.2013	30.06.2013	31.12.2012
A. Cash and bank deposits	777,534	851,091	666,153
B. Other cash equivalents	103,782	105,977	105,473
C. Securities held for trading	360,440	354,923	410,343
D. Cash and cash equivalents (A) + (B) + (C)	1,241,756	1,311,991	1,181,969
E. Current financial receivables	35,745	35,801	35,489
F. Current bank borrowings	(345,521)	(331,238)	(292,787)
G. Bonds and notes issued	(12,400)	(9,691)	(4,354)
H. Current part of non-current debt	(48,922)	(622,316)	(624,546)
I. Other current financial payables	--	--	(13)
J. Current financial debt (F) + (G) + (H) + (I)	(406,843)	(963,245)	(921,700)
K. Current net financial position (J) + (E) + (D)	870,658	384,547	295,758
L. Non-current bank borrowings	(1,853,151)	(1,896,511)	(2,042,918)
M. Bonds and notes issued	(611,559)	(616,636)	(496,379)
N. Other non-current payables	(236,730)	(241,509)	(260,918)
O. Non-current financial debt (L) + (M) + (N)	(2,701,440)	(2,754,656)	(2,800,215)
P. Net financial position (K) + (O)	(1,830,782)	(2,370,109)	(2,504,457)